

SPIRITUAL CAPITAL

Wealth We Can
Live By

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By the authors of the bestselling *SQ: Connecting with Our Spiritual Intelligence*

An Excerpt From

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Wealth We Can Live By*

by Danah Zohar and Ian Marshall
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Introduction

Changing Ourselves to Change the World

Recently, while visiting Nepal, I had a dream that bears on the theme and unfolding of this book. In the dream I was attending a play with three acts, at a theater-in-the-round where the audience sit very close to the actors and feel part of the action. In Act One of the play, a group of Tibetan monks were chanting their prayers and performing the rituals of Tibetan Buddhism. The scene was very ordered, beautiful and peaceful and uplifting to watch. Everything was in its place. But then suddenly the wooden-beamed ceiling of the room began to collapse. Poles and plaster began to rain down on the monks and killed many of them. I ran from the stage in fear for my own life.

In Act Two of the play, Tibetan monks were again performing rituals, but they were old men, bitter and cynical. They were just going through their ceremonies as a matter of habit and appearance, and they were behaving cruelly, even sadistically, to the younger novice monks who attended them. This act of the play had no life. Indeed it was filled with very negative energy and I wanted to flee the theater.

In Act Three of the play, a group of very young novice monks were setting off on a journey. Some were walking, others riding yaks (long-haired, bull-like creatures). These monks were innocent, even naive. They were not certain of their goal, but they knew it was their destiny to travel and discover new rituals for their order. As in all the best dreams, they were riding off into a rising sun, filled with hope and a sense of adventure.

I found the dream an uncanny representation of how our own culture has unfolded. The peaceful monks of Act One, performing their healthy rituals, represented a more traditional time, with “God in his heaven and all right with the world.” It was a time of belief and values, a time when human beings knew where the goal posts were. The cynical monks of Act Two represented our modern era, dominated by capitalist materialism and bleak Newtonian mechanics. Theirs (ours) was a world of disillusion, bitterness, selfishness, and even perversion. It was (is) a world where people just go through the motions of once-meaningful things. No one was nourished. The young monks of Act Three, I would like to think, are where at least some of us are today, setting out on a journey to discover new, living rituals (practices, philosophies) that can take our race forward into a meaningful and sustainable future.

I very much hope that a critical mass of individuals can identify with the young monks of Act Three, finding new and broader foundations for our capitalist ethos and our business culture that will use to the full their potential both as material-wealth-generating mechanisms and as fuller human activities. Perhaps a few will find inspiration in the pages that follow.

It is the assumption of this book that our capitalist culture and the business practices that operate within it are in crisis. I describe global business as “a monster consuming itself.” This is because the underlying ethos and assumptions of capitalism, and many of the business practices that follow from them, are unsustainable. Capitalism and business as we know them have no long-term future, and these limit the future of our culture at large.

The central theme of this book is that a critical mass of individuals acting from higher motivations can make a difference. Its purpose is to show how this critical mass of present and potential leaders can use their spiritual intelligence to create spiritual capital in their wider organizational cultures, thereby making those cultures more sustainable. The goal is a capitalism that is itself sustainable and a world in which sustainable capitalism can generate wealth that nourishes all our human needs.

The key word here is *wealth*. My own definition of wealth is “that which we have access to that enhances the quality of life.” We often speak of a wealth of talent, a wealth of character, or a wealth of good fortune. The word wealth itself comes from the Old English *welth*, meaning “to be well.” But the dictionary definition of wealth, reflecting the economized culture that has produced our modern dictionaries, emphasizes first, “a great quantity or store of money.” Our usual definition of capital follows from this, defining capital as the amount of money or material goods that we possess. Capitalism as we know it is about money and material wealth.

Spiritual capital, by contrast, is wealth that we can live by, wealth that enriches the deeper aspects of our lives. It is wealth we gain through drawing upon our deepest meanings, deepest values, most fundamental purposes, and highest motivations, and by finding a way to embed these in our lives and work.

Spiritual capital is a vision and a model for organizational and cultural sustainability within a wider framework of community and global concern. It is capital amassed through serving, in both corporate philosophy and practice, the deeper concerns of humanity and the planet. It is capital that reflects our shared values, shared visions, and fundamental purposes in life. Spiritual capital is reflected in what an organization believes in, what it exists for, what it aspires to, and what it takes responsibility for.

My use of the word *spiritual* here and throughout the book has no connection with religion or any other organized belief system. Religious organizations and religiously based cultures have undoubtedly built some genuine spiritual capital. But they have done so within the limitations of belief systems that exclude those who hold other religious beliefs and those who have no religious belief. The broader kind of spiritual capital needed for organizations, communities, and cultures participating in today's pluralist and global society must draw on deeper, nonsectarian meanings, values, purposes, and motivations that might be sacred to any human being.

In the same spirit as this broader spiritual capital, spiritual intelligence is the intelligence with which we access our deepest meanings, values, purposes, and highest motivations. It is how we use these in our thinking processes, in the decisions that we make, and the things that we think it is worthwhile to do. These decisions include how we make and how we allocate our material wealth.

Spiritual intelligence is our moral intelligence, giving us an innate ability to distinguish right from wrong. It is the intelligence with which we exercise goodness, truth, beauty, and compassion in our lives. It is, if you like, the soul's intelligence, if you think of *soul* as that channeling capacity in human beings that brings things up from the deeper and richer dimensions of imagination and spirit into our daily lives, families, organizations, and institutions.

To understand the book, it is necessary to see the crucial link between spiritual intelligence, spiritual capital, and sustainability. This link is the central unifying thread running through the book. It

Spiritual intelligence is the intelligence with which we access our deepest meanings, values, purposes, and highest motivations.

SQ, spiritual capital, and sustainability are crucially linked. SQ's sense of meaning, values, and purpose generates spiritual capital. Spiritual capital's wealth of meaning, values, and higher motivation are necessary to sustainable capitalism and a sustainable society.

can be expressed as follows: *We need a sense of meaning and values and a sense of fundamental purpose (spiritual intelligence) in order to build the wealth that these can generate (spiritual capital)*. It is only when our notion of capitalism includes spiritual capital's wealth of meaning, values, purpose, and higher motivation that we can have sustainable capitalism and a sustainable society.

Sustainability itself requires that a system be able to maintain itself and evolve into the future. Sustainable systems in nature are systems whose elements cooperate in producing a balanced environment that nourishes the whole. They are holistic (the parts interact internally), self-organizing, and exploratory. The earth's ecology (Gaia) is an example, where plants produce the oxygen that animals need, animals in turn produce carbon dioxide needed by the plants, the various plant and animal populations stay in balance through a combination of cooperation and competition, and water is recycled through processes of evaporation and rain. The ecology as a whole uses the diversity within it to breed evolution (genetic mutation).

People, organizations, and cultures that have spiritual capital will be more sustainable because they will have developed qualities that include wider, values-based vision, global concern and compassion, long-term thinking, spontaneity (and hence flexibility), an ability to act from their own deepest convictions, an ability to thrive on diversity, and an ability to learn from and make positive use of adversity.

I discuss three kinds of capital in the book: material capital, social capital, and spiritual capital. The building of each kind of capital is, I believe, associated with one of our three major human intelligences: rational intelligence (IQ), emotional intelligence (EQ), and spiritual intelligence (SQ).

Capital	Intelligence	Function
Material Capital	IQ: Rational Intelligence	What I think
Social Capital	EQ: Emotional Intelligence	What I feel
Spiritual Capital	SQ: Spiritual Intelligence	What I am

Material capital is the capital most familiar to us in our present capitalist society. It means money and the things that money can

buy—money to spend, money to invest, money with which to buy material advantage, power, and influence. As the founders of capitalism maintained, we pursue this kind of capital with our rational intelligence (IQ). IQ is the intelligence with which we think.

Social capital is the wealth that makes our communities and organizations function effectively for the common good. Francis Fukuyama defines social capital as the ability of people to work together for common purposes in groups and organizations. He argues that this is an ability that arises from trust and from shared ethical values.¹ Social capital is reflected in the kinds of relationships we build in our families, communities, and organizations, the amount we trust one another, the extent to which we fulfill our responsibilities to one another and the community, the amounts of health and literacy we achieve through our common efforts, and the extent to which we are free of crime.

The amassing of social capital depends largely on the amount of emotional intelligence we can bring to our relationships. Emotional intelligence is our ability to understand and feel for other people, our ability to read other people's emotions or to read the social situations we are in, and to behave or respond appropriately. EQ is the intelligence with which we feel.

Spiritual capital, as noted, adds the dimension of our shared meanings and values and ultimate purposes. It addresses those concerns we have about what it means to be human and the ultimate meaning and purpose of human life. I strongly believe that really genuine social capital must include this spiritual dimension. It is the cultivation and sharing of our truly ultimate concerns that acts as the real glue of society. Spiritual capital is built by using our spiritual intelligence. SQ is the intelligence with which we *are*.

All three kinds of capital—material, social, and spiritual—must be built, using all three of our intelligences, if we are to have sustainable capitalism. My emphasis in this book is on building the spiritual capital component of that whole equation. *No other kind of capital really works without an underlying base of spiritual capital.*

Motivation, the kinds of motivation we experience and the possibility of shifting from behavior inspired by lower motivations to that inspired by higher motivations, is a strong subtheme of the book. It is only when we know what underlying motives are driving our negative and self-destructive behavior that we can aspire to acting from higher motivations. The twelve dynamic processes of our spiritual intelligence provide an energy input that enables us to shift our individual behavior. My point, then, is that a critical mass of individuals, using their spiritual intelligence to act from higher motivations, can shift the dominant features of a whole culture, be it that of a family, a community, an organization, or of a whole global culture like capitalism.

The motivational transformation of individuals and cultures in all aspects of society is critical if we really are to build a better world, and those who live and work within such diverse areas of life as education, psychology, politics, the professions, and business can benefit from amassing spiritual capital, and thus from reading this book. Indeed, it is crucial we get them all on board. But I have chosen business as the audience from which I have drawn most of my examples and to which I address most of my remarks in the book. I have two reasons for this choice. First, business is the dominant instrument through which capitalist values have permeated our society. If we want to broaden the values of capitalism, it must be done, hands on, by broadening the values of a significant number of businesspeople. Second, it is business today that has the money and the power to make a very significant difference in the way that wealth of all kinds is generated and used to benefit individuals and society at large.

For business to be in a position to make such a difference, though, business culture must make a significant shift. This shift can only come about if the senior leadership of business act to change themselves. The book envisages the creation of a critical mass of business leaders (current and potential) who would act from higher motivations. I call this critical mass *knights*. Like the monks in my Tibetan dream, these men and women will have the creativity and the motivation to invent and embody new, living practices and a philosophy of business that can take us into a meaningful and sustainable future.

The book makes many criticisms of capitalism and of business-as-usual. Chapter One is a catalogue of wrongs and problems, many of them already familiar to the sophisticated reader. But the book is not anti-capitalist or anti-business. The anti-capitalists are wrong to reject an economic mechanism that has generated more material wealth than mankind has ever known. The trick is not to reject capitalism but to transform it. I see a rich potential within business and other fields to generate, within a wider framework, even more wealth and value, some of which can be used for the common good of humanity.

What follows is a “fractal” book. It is addressed, simultaneously, to the level of the individual and to the societal and cultural levels. Each level mirrors the others, and the same dynamic principles apply on each level.

The book’s development follows its main theme of how a critical mass of individuals, acting from higher motivations, can change the world. Chapters One and Two describe the two very different scenarios of capitalism in business-as-we-know-it, and capitalism in business-as-it-could-be. The first scenario portrays a materialist, amoral (often immoral) culture of short-term self-interest, profit maximization, emphasis on shareholder value, isolationist thinking,

and profligate disregard of its own long-term consequences. It is based on narrow assumptions about human nature and motivation. The second scenario is that of spiritual capital. This portrays a values-based capitalist and business culture in which wealth is accumulated to generate a decent profit while acting to raise the common good. Its emphasis is more on “stakeholder value,” where stakeholders include the whole human race, present and future, and the planet itself. Spiritual capital nourishes and sustains the human spirit as well as making business sustainable.

The rest of the book is devoted to the process of how we can actually shift from today’s scenario to that of spiritual capital. To shift any culture, corporate or otherwise, we have to understand the motivations (and attendant attitudes and emotions) that drive that culture in the first place. Chapters Three and Four offer a new, systematic way to diagnose the motivational and emotional state of a present culture. This is done through offering a new scale of motivations that both mirrors and extends Abraham Maslow’s well-known pyramid of needs. To use these chapters properly requires cultivation and use of emotional intelligence, particularly the component of EQ that develops emotional self-awareness.

Chapters Five through Eight introduce the new concept of spiritual intelligence, define its twelve qualities and principles of transformation, and describe how these can be used to shift individuals and their culture from a state of acting from lower motivations (fear, greed, anger, and self-assertion) to one of acting from higher motivations (exploration, cooperation, power-within, mastery, and higher service).

Chapter Nine describes how this shift actually happens and can be diagnosed in a given organizational culture. It looks in depth at the eight issues that dominate corporate culture (communication, fairness, relationships, trust, power, truth, flexibility, and empowerment) and how these are influenced by the twelve processes of SQ transformation introduced earlier. Chapter Ten discusses the leadership elite who can bring about and embody cultural shift. This introduces the crucial leadership categories of “knights” and “masters,” those who make the new culture (knights) and those who embed the new culture within the practices of the organization (masters). Finally, Chapter Eleven, the concluding chapter, argues that spiritual capital is still a valid and workable form of capitalism, and summarizes what we, as individuals, can do to make it happen.

You will see some science in the book. Familiarity with a few discoveries of the most recent neuroscience is necessary to understand how spiritual intelligence is enabled by structures in the brain. In particular, it’s essential to be aware of the recent discovery of the

“God Spot,” a mass of neural tissue in the brain’s temporal lobes that enables human beings to have a sense of the sacred and a longing for the deeper things in life.

Chaos theory, too, plays a role in the book’s development. Chaos (and the associated science of complexity) is one of the twentieth century’s “new sciences.” It describes nonlinear and self-organizing systems poised at the boundary between order and disorder, between stability and instability. Such systems include anthills, beehives, the weather, the stock market, and the human immune system. I argue that any organization or society with the capacity to be creative and sustainable in today’s unstable and crisis-riven world will have the characteristics of what chaos and complexity theory calls “complex adaptive systems.” These characteristics include holism, diversity, spontaneity, self-organization, emergence, and coevolution between the systems and their environments.

All living systems, ourselves included, are complex adaptive systems, and human consciousness itself displays the characteristics of complexity in many of its abilities. In Chapter Six, I discuss how and why the properties of complex adaptive systems make it possible to derive most of the qualities that distinguish spiritual intelligence.

A great many subthemes and minor threads run through the book, all necessary to put real flesh on the bones of the main theme. This is not a single-idea book, though I hope the brief road map that I have provided here will allow readers to experience the book as an integrated whole. Ultimately, spiritual capital is not just an idea but a whole new paradigm, and new paradigms contain a richness and complexity that branch out in many complementary directions.



The Monster That Consumes Itself

In Ovid's tales from Greek mythology, we learn of a wealthy timber merchant named Erisychthon (Er-is-ya-thon). Erisychthon is a greedy man who thinks only of profit. Nothing is sacred to him. But on Erisychthon's land there is a special tree beloved of the gods. Prayers of the faithful are tied to its prodigious branches and holy spirits dance round its magnificent trunk. Erisychthon cares nothing for this. He looks at the tree and assesses the volume of timber it will produce, then he takes an axe to it. Against all protest he chops until the tree is withered and fallen and all divine life that inhabited the tree has fled. But one of the gods puts a curse on Erisychthon for his greed. From that day forward, Erisychthon is consumed by an insatiable hunger. He begins by eating all his stores, then he turns all his wealth into food he can consume. Still not satisfied, he consumes his wife and children. In the end, Erisychthon is left with nothing to consume but his own flesh. He eats himself.

Of a monster no longer a man. And so,
At last, the inevitable.
He began to savage his own limbs.
And there, at a final feast, devoured himself.¹

Erisychthon is the ultimate symbol of purely economic man, and his fate is that of a way of living life, or of doing business, that is not sustainable. But he is a symbol held up to us by today's capitalism and business as we know it. He is a symbol that may represent the self-destructive fate not just of business but of our whole culture if

Executive Voices of Business-as-Usual

"The environment is the government's responsibility."

"Never mind what our product is. Just help us sell it more effectively."

"The only purpose of this business is to meet our customers' demands and to make a profit out of it."

"We don't know what's outside the window, and we don't care."

"I don't think we have to trouble our minds with all this deep stuff to run our company effectively."

"I'm only in this job for the money."

"I don't think it's our responsibility to think about future generations. Our job is to satisfy our customers now."

"We can't afford to think beyond now. We have to protect ourselves and our profits."

we allow the narrow values of today's short-term, money-obsessed business ethic to dominate our broader lives and choices.

In this book, I want to look first at the assumptions and mind-set that underlie capitalist business as we know it. What are its basic values? Its primary motives? The things it takes for granted? What assumptions does business make about nature, human nature, and human motivation? Why are such assumptions and values unsustainable? Why do these assumptions ensnare business in an ultimately self-consuming spiral of behavior? Why is business as we know it today set ultimately to kill business?

How It Is Now

Modern capitalism as currently defined has only two *basic* assumptions about humanity. First, it assumes that human beings are primarily economic beings, with what Adam Smith called a "natural propensity to truck, barter and exchange." Second, capitalism assumes that human beings will always act so as to pursue our own rational self-interest, or at least our hunches about what will benefit ourselves. In business terms, these principles are mirrored by the pursuit of profit for its own sake and by the assumption that every business exists to maximize its own self-interest—the profits of its shareholders measured in quarterly returns.

These two basic, spoken assumptions of capitalism are underpinned by other, sometimes unconscious assumptions. Capitalism assumes that the earth is here to provide us with resources, and that

these resources are unlimited. It also assumes that each agent or corporation is an island unto itself whose actions have no unwanted consequences, and whose interests are under its own self-control. There is, too, the more general assumption that the whole world of business is an island unto itself, an enterprise that can be conducted without regard to or concern for wider issues. "We don't know what's outside the window, and we don't care."

At the heart of capitalism and business-as-usual lies a very narrow definition of what it means to be human and to be engaged in human enterprise. Human beings are measured by thirst for profit and by capacity to consume. Employees are measured by their capacity to produce what others can consume. Viewed merely as consumers, customers and employees are not seen as people who value certain things, who harbor loyalties and passions, who strive and dream, who seek a particular quality of life. Big consumers (the wealthy) have more value than small consumers (the poor). Capitalism's assumption that we will always act so as to pursue our own self-interest carries the underlying assumption that human beings are essentially selfish, that we will always act to promote "number one."

Bolstered by intellectual trends like Newtonian science and its accompanying technology and by Darwinian "survival of the fittest," capitalism's own "laws of motion" (law of competition, law of profit maximization, law of capital accumulation) have locked business-as-usual into a ruthless pursuit of competitive advantage in a world whose resources its own practices are constantly diminishing. This is not sustainable. Like Erisychthon, business is destined ultimately to consume first its own resources and then itself. We see this in the repeated fate of many Fortune 500 companies, which don't sustain themselves for even five years.

Why is business-as-usual unsustainable? On the surface—and no less valid because constantly talked about—are issues like the exhaustion of resources and accompanying environmental damage. At present rates of consumption, petroleum supplies are reckoned to last for perhaps another fifty years. As the Third World develops, these rates of consumption can only increase. As I began this book, vast population areas of the country where I live (England) were under floodwater. Global warming, we are warned, is set to continue and with it the extreme weather conditions that bring devastation to previously stable population centers and to the businesses that thrived within them. Environmental pollution and the global warming to which it is leading are also melting the polar ice caps, thus leading within fifty to a hundred years to a rise in sea levels that will flood most of the world's major coastal cities. Many scientists are now warning that this could occur even within the next ten years. Before or as that happens, the melting of the ice caps is set to

reverse the Gulf Stream that protects northern Europe from being a frozen wasteland. These are not problems facing some distant, unfathomable future. The children of today's business and political leaders will inherit this legacy in their lifetimes. *We* may live to see it.

There are other obvious problems for the sustainability of business (and accompanying political strategies) as currently practiced. The assumption that human beings are primarily consumers favors the big consumers over the small. This has led to increasing unevenness in the distribution of the world's wealth, not just between nations and geographical areas, but often *within* wealthy societies. Extreme wealth lives side by side with the most extreme poverty in nations such as India, the United States, and Brazil. Such imbalance bodes ill for political and social stability within societies where it exists (high crime, family breakdown, civil unrest, a sense of despair, domestic terrorism, potential revolutions).

Between rich and poor nations, inequality leads to the pressure on the poor to migrate to wealthier areas, swelling populations of illegal immigrants and the accompanying social and political unrest. It creates both a global underclass and various domestic underclasses. Extreme inequality adds to the sense that "globalization" means simply the colonization of the poor by the wealthy capitalist world. This leads to humiliation and rage. It fuels the hatred of terrorists who both envy and fear the wealthy in developed nations. All these things are bad for business. Capitalism creates a shadow of itself that, like Erisychthon's greed, reaches round to consume itself.

Less obviously, the assumption that human beings are purely economic creatures who live to make money increases the stress and exhaustion of the "winners" who serve the existing system. Other values—time with the family, time to relax, time to nourish inner needs, time to enjoy the accumulated wealth, opportunity to find fulfillment in the work we are doing, a sense of fundamental purpose in life—are sacrificed in the pursuit of ever more profit, ever bigger monetary growth. People who lead and work within the mighty corporations generating all this profit might be tempted to ask, with Charles Handy, "What is this business for and to whom does it belong? Are we who work in these businesses, be they social or commercial, their instruments or something more than that?"²

The major cause of stress in most of our lives today is a loss of meaning. Things change so quickly and so constantly, so many of our old certainties no longer apply, that we have lost our essential bearings. There is reengineering, downsizing, redefinition of jobs, corporate break-ups and mergers, the musical chairs of new CEOs, the often-sham offers of empowerment and autonomy, the short-term contracts and their diminution of loyalty, commitment, and trust. And that's just business stress. In our private lives we experience the

erosion of moral and religious certainties, changes in family and relationship structure, constant mobility, loss, divorce, retirement, and the death of loved ones. Twenty-first-century life has become like the Caucus Race in Lewis Carroll's *Alice Through the Looking Glass*. Someone says "Let's play a game"—but there are no rules and no clear sense of the playing field's boundaries. Someone shouts "Begin!" and we all start running around. Then, at some arbitrary point, someone shouts "Stop!" There are no winners and no losers. We haven't a clue what it's all about. We are left with nothing from the effort but stress and the kind of world-weariness described by the English poet William Wordsworth,

The world is too much with us; late and soon,
Getting and spending, we lay waste our powers:
Little we see in Nature that is ours;
We have given our hearts away, a sordid boon!
This Sea that bares her bosom to the moon;
The winds that will be howling at all hours,
And are up-gathered now like sleeping flowers;
For this, for everything, we are out of tune;
It moves us not. . . .

Meaninglessness and the stress to which it gives rise is the major cause of illness in the developed world today. Diseases like depression, anxiety, chronic fatigue syndrome, alcoholism, drug abuse, and suicide are obviously stress-related. But mainstream medicine now recognizes a crucial stress factor in the so-called physical illnesses of high blood pressure, heart disease, cancer, and even Alzheimer's disease. Stress depresses the human immune system's ability to fight off any disease. Stress releases a constant stream of adrenaline for "fight or flight" behavior, along with other stress hormones that raise concentration to a critical height—in the short term. Over an extended period, they burn us out.

Stress and exhaustion are clearly bad for the people who suffer them. They lead to disease and premature death. But stressed and exhausted people are also bad for business. They reduce overall creativity and productivity, they are prone to illness and absence from work, they cost companies and national economies money. *Stress-related illness costs the United Kingdom 3.9 billion pounds sterling annually. It costs the United States 10 percent of gross national product each year.*³

Again, business as we know it, business that assumes money and only money is the bottom line, is unsustainable because it has led to a leadership crisis within top companies. The problems and challenges facing business today are enormous: rapid change, globalization, new

technology, greater customer expectations, political, social, and ecological crises. Yet, as professor John Hunt from the London Business School points out, devoting one's life to making ever more money for the shareholders isn't ultimately very inspiring.⁴ As an executive from Shell USA said to me recently, "The trouble with corporate life is that it is *essentially* dispiriting. Corporations are about making money. They define work as the pursuit of money. But we human beings are essentially spiritual creatures. We are on a lifelong quest for meaning. So our corporate lives exclude what we really care about."

Great leaders usually want to serve great causes, want their lives and their work to count for something, want to make a difference in life. Such people are attracted to politics, medicine, research, education. They are seldom found at the top of large corporations. Many who were have left to work for nonprofit organizations like Save the Children or the major NGOs. This critical shortage of great leaders is bad for business.

As the pool of potentially great leaders has drained, leaving behind the pure money seekers, business has become increasingly dirty business. Capitalism itself has never had any moral principles or framework. It is an economic theory, not a moral or social philosophy. The market, pure and simple, is its bottom line. Very early capitalism was contained within the moral and spiritual vision of Christianity, hence all those altruistic Quaker businessmen of the Victorian era. But as ethics and values have eroded generally in society, business is left with the ethics of Gordon Gecko, the ruthless corporate raider portrayed in *Wall Street*. New millennium business has been exposed as a moral quagmire, where biggest crocodiles will use any kind of cheating, fraud, or false accounting to fill their own bellies. As John Plender said in his recent book *Going off the Rails*, "The American way of doing business has been hijacked by the values of a financial community that is so preoccupied with trading and dealmaking that it has lost sight of the purpose of its own business. There is indeed a crisis of legitimacy in modern capitalism."

Not content with cheating society at large (all those tax evasions), or even their customers, the leaders of companies like Enron, WorldCom, and a host of others were willing ruthlessly to cheat their own stockholders. In Plender's words, "Everyone in the [Enron] story was involved in potential conflicts of interest. And everyone—including the watchdogs—had been bought by Enron in one way or another." As the consequent fall in stock prices and market instability have shown, dirty business is bad for business.

Finally, business today is killing business because it is locked into a short-term, problem-solving, profit-maximizing mentality. In the words of this book, business is not using its whole brain, not using its full intelligence. If my mind is focused on the money I can

make in three months' time (quarterly returns), my whole perspective is narrow and limited. I use my rational, linear, problem-solving intelligence to solve immediate problems that stand in the way of a quick buck. I am blind to broader issues like the long-term viability of the planet or even the shorter-term viability of my own society or company, or the lifestyle and values I am forcing upon myself and my family. I don't reflect. I don't plan ahead. I don't look at "the big picture." I don't allot adequate time or devote sufficient resources to the research needs of my company. I don't look at long-term safety features or future growth.

In Britain recently, we have seen our entire rail infrastructure crack. For months the trains virtually could not run. Too late, Railtrack (the private company in charge of Britain's rail network) saw not only that present lines had deteriorated beyond acceptable standards of safety but also that wholly inadequate plans had been considered for how to enable the nation's rail network to serve the pressing needs of future traffic. Why? Short-term profit and the short-term thinking it had spawned. Investors wanted good quarterly dividends; senior managers felt their job was to ensure them. As is common in large corporations, managers' bonuses were linked to quarterly results.

Railtrack's story is not unusual. Short-term, uncommitted investment by huge, anonymous investment funds is the scourge of today's business, depriving company leaders of control over their own planning and debasing the whole ethic of doing business. Such investments, and their inflationary and destabilizing effect, were at the heart of the crisis that struck the Tiger Economies in the late 1990s. Short-term, get-rich-quick investments were also responsible for the catastrophic decline in Marconi shares at the beginning of the new millennium. Money-making has become money-grubbing, and money-grubbing is bad for business.

A Still Deeper Nonsustainability

The issues I have discussed thus far are often talked about, and are no less real or threatening for that. But a far deeper underlying issue is at stake in the attitudes and practices of capitalism as we know it. This is the issue of what sustains or threatens our humanity itself, and the high civilizations that that humanity has enabled. In asking if capitalism is sustainable, we must ask whether it serves our deepest human values and aspirations. We must ask if it will enable the survival of the human species, and whether it can sustain the human enterprise in the larger context of such vital questions as, What is the meaning and purpose of human life?

In the 1960s, the psychologist Abraham Maslow gave voice and credibility to capitalism as we know it with the famous “pyramid of needs” illustrated in Figure 1.1. Maslow’s pyramid created a paradigm of the human condition that gave precedence to the need for survival, physical survival at all costs. In close second was the need for security, the security of myself and mine. The sense that such needs are taken as primary for business-as-usual is reflected in some of the opening remarks I quoted, such as “We can’t afford to think about future generations. We must protect ourselves and our profits.”

Maslow’s pyramid makes room for higher needs, the needs for social connections, for self-esteem, and for what he calls self-actualization—the need for personal meaning and spiritual and psychological growth. But in his model these higher needs can be considered only if the more basic needs for survival and security are first assured. First and foremost we are animals, “naked apes,” who only later, if conditions allow, aspire to become human beings.

Frederick Herzberg’s famous 1959 study of what motivates people at work gave the lie to Maslow’s hierarchy so far as what causes most dissatisfaction or gives most satisfaction among employees. While “basic” factors or needs like company policy and administration, relationships with supervisors or peers, salary, work conditions, and

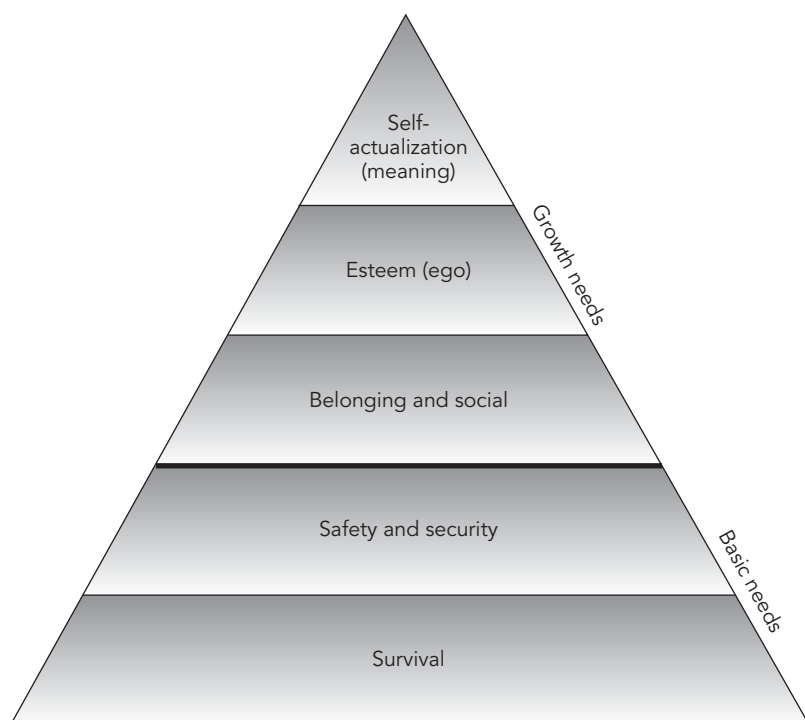


Figure 1.1 *Maslow’s Hierarchy of Needs*

security gave rise to *dissatisfaction* if they were not adequate, but they gave rise to *no satisfaction* if they were adequate. The more positive quality of finding satisfaction in one's work and thus feeling highly motivated depended on factors like growth, advancement, responsibility, the work itself, recognition, and a sense of achievement.⁵ These are things Maslow regarded as "higher needs."

It is a basic argument of this book and of all that follows that in a developed culture like ours Maslow's pyramid of needs is upside down. (See Figure 1.2.) Most of us in the wealthy Western world have our basic needs for food and security met as a birthright. Those who have experienced fulfillment of both higher and lower needs regard the higher ones as more important. They bring more happiness and satisfaction. Since Maslow's work was done nearly half a century ago, anthropologists, neuroscientists, and psychologists have reached a far deeper understanding of human nature and the origins of our humanity. We know today that human beings are by definition primarily creatures of meaning and value (that is, of "self-actualization"). We need a sense of meaning and driving purpose in our lives. Without it we become ill or we die.

Indeed, it was a primitive quest for meaning, to know and explore what was beyond the horizon, that first brought our species

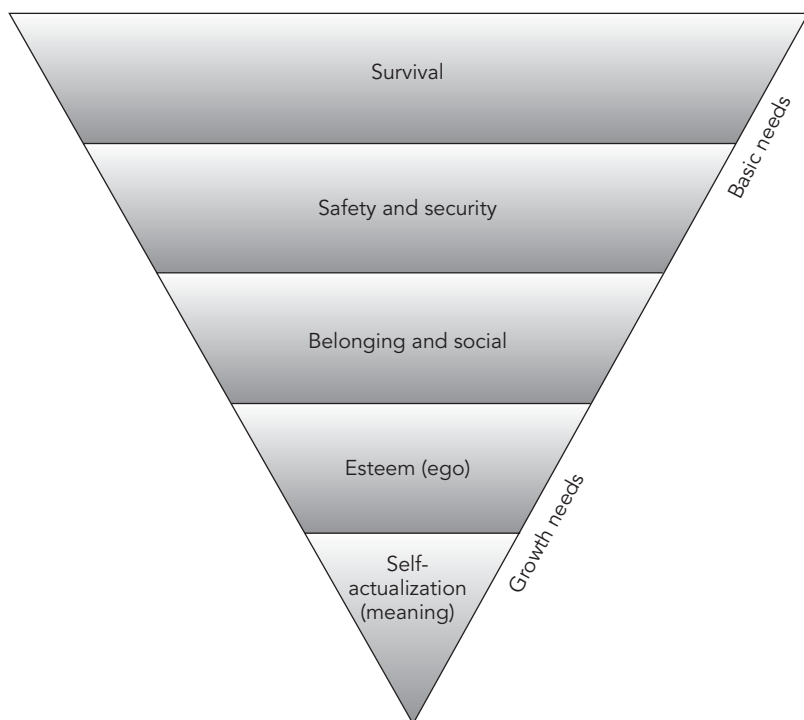


Figure 1.2 *Inverting Maslow's Hierarchy*

down from the trees some four million years ago. It was a pressure to communicate symbols and meanings between individuals and within early human groups that gave rise to language, and to the coevolution of the large human forebrain that language skills require.⁶ Later the human brain grew masses of neural tissue in the temporal lobe areas that gave expression to still deeper needs for meaning—a need to ask why we are here, how we fit into the larger scheme of things, how we came to be born and why we must die, how we relate to the “gods,” and similar weighty questions. This area of the brain has been named “the God Spot,” and will be discussed at greater length in a later chapter. The God Spot accounts for the presence of religious ideas, rites, and rituals since the founding of the earliest known human societies.

Scientists have also discovered in this past half-century the role that altruism has played in the development of human societies. We have not always been out for “number one,” and indeed we would not be here today if selfishness had always ruled the day. Survival itself depends upon the willingness of some to sacrifice themselves for others or for the group. Self-esteem depends upon knowing that one has “done the right thing” by life and others, and survival (the will to live and the ability to live with oneself) becomes impossible without it.

The psychologist Viktor Frankl (*Man's Search for Meaning*) noted that concentration camp inmates in Nazi Germany who betrayed others for the sake of their own survival could not live with themselves afterward.⁷ The suicide of the great twentieth-century writer Primo Levi was believed to follow from his inability to live with what he had done to survive Auschwitz. By contrast, countless stories exist of people who have willingly sacrificed their lives (survival) for the sake of others or for the sake of causes in which they believe. In Frankl's study, those Auschwitz inmates who had strong religious beliefs or strong political ideals survived better than those without. The Muslim suicide bombers who attacked the World Trade Center and the Pentagon on September 11 made such a sacrifice, as have countless others in the Middle East. We may detest what they do, but we cannot deny they were willing to die for what *they* saw as a higher cause—however evil and distorted this cause may be.

In earlier hunter-gatherer societies, it required a group to hunt successfully; an individual alone could not survive. Thus the need for “unselfish” genes—which still survive today. (We were all hunters only ten thousand years ago.) The same need for group cooperation existed in farming communities and family-based enterprises only two centuries ago. We have evolved to be group animals as well as individuals and are often alienated by today's essentially selfish and individualist Western culture. Even recent studies of

what drives a healthy market have shown that a combination of selfishness and altruism (competition and cooperation, egocentricity and reciprocity) ensures the optimum market trading conditions.⁸

It is reported that at the end of his life, Abraham Maslow himself came to feel that his pyramid of needs was upside down. The deep crisis of meaning—lack of belief in anything, low standards of morality, ruthless selfishness and consequent low self-esteem, absence of purpose and value, sense of boredom—that characterized much of twentieth-century life in the developed Western world is testament to capitalism's priorities being upside down. The selfishness and materialism that result from capitalist assumptions and values have raised perhaps for the first time in known human history the possibility that our humanity itself may not be sustainable. If we lose touch with or seriously damage the core of our humanity—our higher aspirations, values, and potentialities—then we really do become no more than the naked ape. I strongly suspect that might be very bad for business itself.

Another Way?

Most people who consider the costs and nonsustainability of capitalism and business as we know it would say, "There has to be another way!" Given a broader and more realistic understanding of human nature and human motivation, business-as-usual cannot be seen as a fully human enterprise. Its narrow and wrong-headed assumptions that human beings are essentially economic creatures, and selfish ones at that, do not accord with the facts as we know them today. Nor do they speak to the hunger our culture feels to rise above the materialist quagmire in which we have become stuck.

Taking for granted that it is global business that has the money and the power to make a significant difference in today's troubled world, this book envisages business raising its sights above the financial bottom line. It envisages business becoming a vocation, like the higher professions. This entails business becoming more service and value oriented, largely eliminating the assumed natural distinction between private enterprise and public institutions. It envisages business taking responsibility for the world in which it operates and from which it creates its wealth. And it envisages a higher proportion of business leaders becoming "servant leaders"—leaders who serve not just stockholders, colleagues, employees, products, and customers, but leaders who serve the community, the planet, humanity, the future, life itself. Leaders who dare to "look outside the window."

But getting from business-as-usual to business-as-it-could-be is no simple matter. A little talk about corporate social responsibility,

some discussion of “vision and values,” and giving employees little plastic “values” cards to carry around in their wallets are not going to change very much. What is required is a whole new business paradigm, a paradigm shift that embraces our basic concepts of wealth and capital themselves and that brings on board a new, living understanding of what a business system *is*, and how such systems can be managed intelligently. These in turn require that we look in some depth at the nature of both business systems and human intelligence.

In the pages that follow, I will try to broaden the understanding of capital to include the new concepts of “social capital” and “spiritual capital.” When you look more fully at what it means to be human and thus what it would mean for business to serve that humanity, it becomes possible to contrast holistic, dynamic, self-organizing, and creative complex adaptive systems with the mechanistic systems that inspired original capitalism. That will lead to ways to turn a modern business into a fully human, complex adaptive system that is not just sustainable but “deeply sustainable.”

Throughout, I will discuss the origins, nature and organizing power of the intelligence needed to build these systems—“spiritual intelligence,” or SQ (wisdom), contrasting it with the more familiar IQ of traditional capitalism and the more recent emphasis on EQ (emotional intelligence) of some modern systems thinkers. The book will use this understanding of systems and intelligence to offer a new business model and a new basis for strategic planning that are compatible with the wider purpose of business-as-it-could-be and with the amassing of spiritual capital.

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